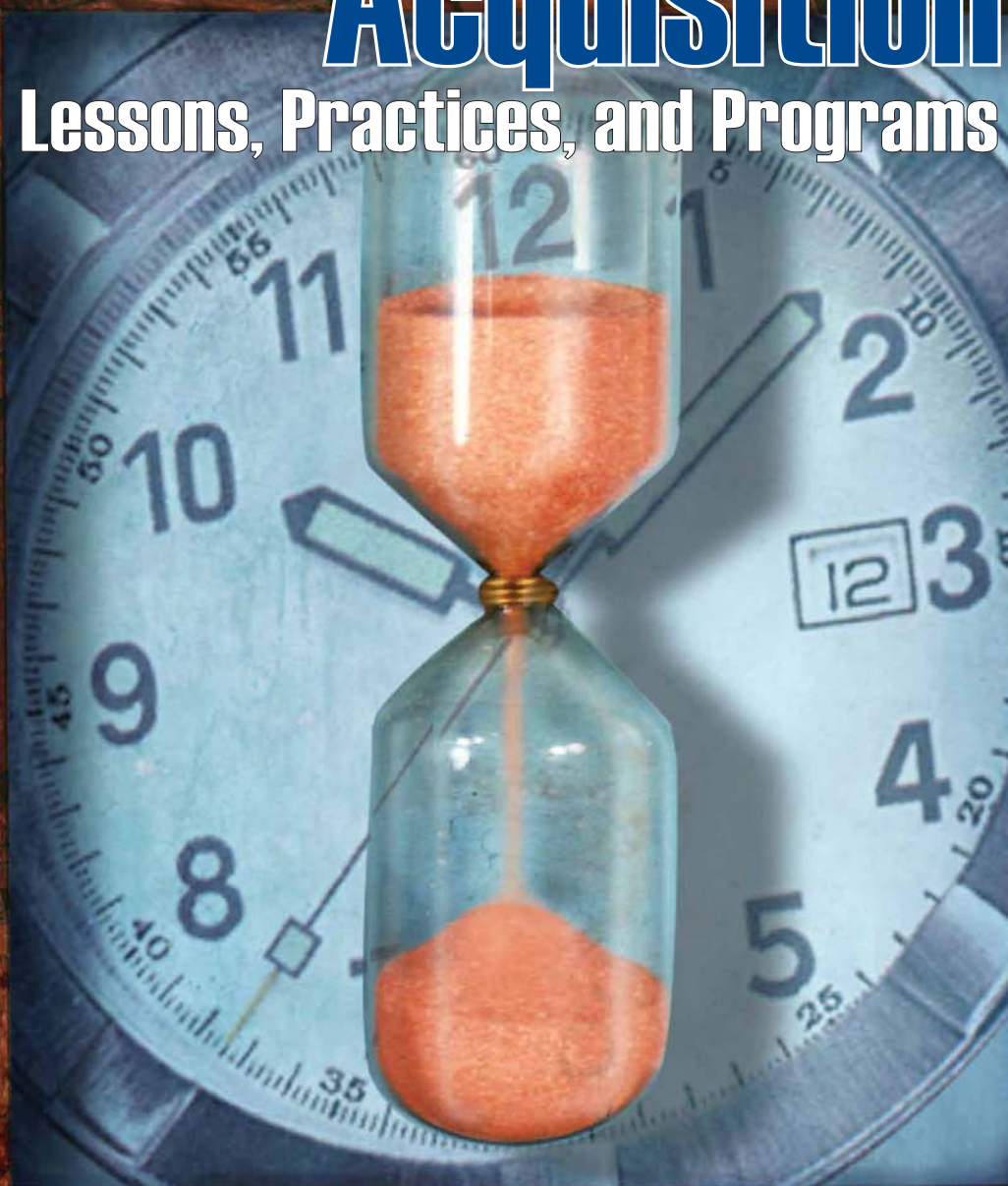


# AIR FORCE JOURNAL *of* LOGISTICS

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## Contracting and Acquisition

Lessons, Practices, and Programs



*also in this edition:*

Flyaway Costs Versus Individual Components of Aircraft: An Analysis  
AFMC/XPS Logistics Analysis  
XLog21—Purchasing and Supply Chain Management  
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## Major Randall F. Looke, USAF

### Special Feature

*Defense acquisitions should emphasize performance-based requirements, include provisions that enable commercial practices, and encourage the participation of nontraditional commercial entities .... The use of (Federal Acquisition Regulation) Part 12 is designed to provide the*

*Department of Defense (DoD) with greater access to commercial markets with increased competition, better prices, and new market entrants and/or technologies.*

—J. S. Gansler, USD (A&T)<sup>1</sup>

**A**cquisition reform has been around for decades in one form or another. *Aviation Week* published an article in the 1950s on the need to reduce the product development time for aircraft. Of course, the Acquisition Acts of the 1990s really brought reform to the forefront. The Federal Acquisition Streamlining Act (FASA) of 1994 focused on simplifying and reforming some of the overly burdensome procurement laws then on the books. The 1996 Federal Acquisition Reform Act (FARA) continued the intent of FASA and created opportunities for agencies to implement more efficient procedures, promote competition, and purchase commercial items with roughly the same ease as nongovernmental agencies. On this last note, the emphasis to acquire more commercial items and services has continued to grow since then. The Federal Acquisition Regulation (FAR) Part 12, *Acquisition of Commercial Items*, has the following as its stated policy on acquiring commercial items:





Agencies shall—(a) Conduct market research to determine whether commercial items or nondevelopmental items are available that could meet the agency's requirements;

(b) Acquire commercial items or nondevelopmental items when they are available to meet the needs of the agency; and

(c) Require prime contractors and subcontractors at all tiers to incorporate, to the maximum extent practicable, commercial items or nondevelopmental items as components of items supplied to the agency.

The preference for continued improvement and greater reliance on commercial items and services is obvious to all in the government's acquisition business, but the ability to require organizations to meet the challenges associated with these efforts is sometimes difficult. This is especially true at the base or operational level of contracting. Air Force contracting squadrons and base contracting divisions are in a unique position to test new innovations and purchase more commercial items and services because of their generally higher numbers of actions and shorter overall acquisition life cycles. However, these organizations seem to have barriers and challenges that slow their trek as they improve.

# Injecting Commercial and Innovative Practices into Operational Contracting

This article discusses how government agencies are attempting to interject more commercial and innovative practices into their buying methodology. More specifically, though, this article attempts to identify why it might be more difficult to push these practices down to the operational contracting units and some potential tools to help remove the barriers and overcome the challenges hindering these efforts. Last, this article consolidates a few innovations that are being implemented by operational contracting units in the hope they may be shared with other operational contracting professionals.

Before jumping into thoughts on increasing commercial actions and innovative practices at the operational level of contracting in the Air Force, it is important to understand some background information. In particular, what are the other services and government agencies doing to promote more commercial item and service acquisition, and how does FAR Part 12 facilitate the acquisition of commercial items and services?

### **Various Efforts, FASA, FARA, FAR Part 12, and the *Commercial Item Handbook***

*Every week, it seems, a senior official in this department tells me we are constrained in our ability to do something by an obsolete legal provision. Similarly, I often hear of initiatives we would like to take, but for which we need additional statutory authority. As you develop proposals for the fiscal year 2004 DoD Legislative program, you should adopt the perspective that now is the time to change the way we operate. If you need specific legal authority to accomplish an important goal, or if you need relief from an unnecessary legal restriction, please ask for it .... To assist you, I am enclosing the most current version of the top ten priorities ... (Number) 9. Streamline DoD Processes—Shorten ... acquisition cycle time—Shorten all DoD processes by 50 percent.*

—Donald Rumsfeld, Secretary of Defense<sup>2</sup>

Interjecting commercial and innovative practices into DoD activities is not unique to the Air Force. As the quote from Rumsfeld attests, shortening the acquisition time and DoD processes, in general, must be a priority. This affects operational contracting organizations, as well as other services. Other services are affected by the demands of progress and the need to improve processes. FASA was a major attempt to simplify and reform burdensome procurement laws. FARA carried on that intent by making procedures in federal acquisition more efficient. Promoting and increasing the available use of FAR Part 12 was yet another attempt to make DoD buying agencies realize that restrictive and risk-averse buying is not only not the preferred way of doing business but also not the smart way of doing business. The *Commercial Item Handbook* is a tool to use in getting there.

The Army and Navy have undertaken efforts to improve and reform their acquisition practices. Each entity has a Web site dedicated to improving acquisitions and promoting the use of FAR Part 12. The Army has instituted numerous goals to increase the use of commercial purchases. For instance, the Army wants at least 90 percent of all purchases less than \$2,500 to be made with credit cards. This has a direct effect on operational

contracting since many base-level purchases fit within this dollar threshold. As of this date, the Army has exceeded that goal. With credit cards as a payment or purchase instrument, the lengthy and restrictive clauses common with many government contracts are not used.<sup>3</sup>

The Navy has the DON (Department of Navy) Acquisition Reform Office Web site that lists upcoming events, reform tools, and quick links to numerous helpful pages. One link will take the reader to a *success stories* page. Although not applicable in all circumstances, the many examples provide tidbits that might be integrated into other acquisitions to include those by operational contracting offices. The Navy believes, to obtain commercial processes and technologies, you must have innovative commercial contracting approaches. As an example, it lists the DON two-phase Commercial Area Announcement (CAA) acquisition approach.<sup>4</sup> CAA is a form of market research where the requirement is posted in numerous journals (for example, *Wall Street Journal* and other major newspapers). The DON agency sponsors a business opportunities day for a reasonable time after the postings and encourages industry attendees to share their innovative approaches that might help meet the current requirement. CAAs benefit both the Navy and industry. Industry has better insight into Navy requirements and also feels more valued in the approaches the Navy uses to fulfill those requirements. The Navy, on the other hand, is exposed to new ideas and innovative methods. Although the separate services are creating and using their own practices, the Government forced all its agencies to look for improvements after the passage of two very important laws.

FASA was instrumental in forcing federal buying offices to start looking at acquisition reform seriously. This act, signed by President William Clinton in October 1994, was an outgrowth of the Section 800 Committee. It was captured in the goals established during the administration's National Performance Review. The Competition in Contracting Act, signed into law in 1984, is the only other act equal in scope to changes in federal procurement laws. FASA was advertised as a simplification and reformation of overly burdensome procurement laws. FASA's major changes affected many areas. For example, in contract formation, the act forced recognition of task and delivery order contracts and provided statutory requirements for post-award debriefings. In the contract administration realm, the act spelled out a preference for performance-based payments. Under the Simplified Acquisition Threshold, the act established a \$100K threshold for the use of this procedure and, generally, reserved all purchases between \$2.5K and \$100K for small businesses. This area greatly influenced actions in the operational contracting realm. In acquisition management, the act established that policy-stating agencies, on average, should meet 90 percent of the cost and scheduled goals on contracts. In the small business area, the act increased the ability to restrict competitions to certain types of small businesses, as well as waived certain regulations (for example, repealed the Walsh-Healy Act that forced certification). Most important, at least to the subject of this article, the act had a major new statutory provision that forced federal agencies to *prefer* the purchase of commercial items.<sup>5</sup>

FARA was the next major acquisition reform legislation to impact procurement in the Government. The act promoted more



# Article Highlights

## Acquisition reform has been around for decades in one form or another.

This article discusses how government agencies are attempting to interject more commercial and innovative practices into their buying methodology. It attempts to identify why it might be more difficult to push these practices down to the operational contracting units and some tools to help remove the barriers and overcome the challenges hindering these efforts. It also consolidates a few innovations that are being implemented by operational contracting units in the hope they may be shared with other operational contracting professionals. The article gives some background on what the other services and government agencies are doing to promote more commercial item and service acquisition and how FAR Part 12 facilitates the acquisition of commercial items and services. Interjecting commercial and innovative practices into Air Force operational contracting will ensure contracting professionals are equipped to embrace change and have the tools to make it happen.

efficient procedures and exempted contractors from some requirements. Two areas were addressed specifically in FARA: competition and commercial items. Additionally, there were some miscellaneous areas touched by the act. In the area of competition, the act increased the dollar thresholds that forced justifications for other than full and open competition. In competitive negotiations, the act also allowed buying organizations to limit the number of proposals in the competitive range. In small buying offices, such as some operational contracting organizations, this potentially saved many man-hours that would have been spent evaluating proposals. Another operational contracting activity affected by the changes in the area of competition was the design and build selection procedures. The act also made changes under the umbrella of commercial items. For instance, commercial suppliers were given the opportunity, under certain circumstances, to avoid the certification requirements of the Truth in Negotiations Act. Extremely important to operational contracting organizations, the act made simplified acquisition procedures available for use in the procurement of commercial items valued at \$5M or less. On a final note, although not encompassing all the changes made by the enactment of FARA, the act increased emphasis on career enhancement for personnel involved in federal procurement. Specifically, it forced procurement agencies to establish ways for personnel to obtain training, education, and career development. It also told agencies to fund separately for the acquisition workforce to receive education and training, to include tuition reimbursement programs.<sup>6</sup> As stated above, one very important aspect of FARA was its preference for commercial items; it truly promoted the use of FAR Part 12.

The Federal Acquisition Regulation has had a definite impact on operational contracting and interjecting commercial and innovative practices. FAR Part 12, *Acquisition of Commercial Items*, specifically states the preference of the Government for the acquisition of commercial items. It establishes that acquisition policies must resemble more closely those of the commercial marketplace. It encourages acquisition of commercial items and components. This regulation—probably more than any other rule, guidance, or law—has impacted and will continue to impact the operational contracting community. Table 1, although dealing mostly with shortening cycle times by shortening development times, is still applicable to the operational contracting realm.<sup>7</sup> Most items purchased by operational contracting organizations have been developed already. However, there are numerous processes the commercial industry has improved upon. Inevitably, some of these processes could be improved in the federal acquisition world—even at the base level.

The *Commercial Item Handbook*—published by the Office of the Secretary of Defense for Acquisition, Technology, and Logistics—is another tool to help interject commercial practices into Air Force operational contracting. The handbook supports the intent of FAR Part 12. More important, it provides clarification on defining commercial item acquisitions and provides guidance on making business strategies for acquiring commercial items.

The purpose of the handbook:

...is to help acquisition personnel develop sound business strategies for procuring commercial items. (It) focuses on how market research and cross-competency teaming can increase the government's cost-effective use of commercial items to meet warfighter needs. (It) offers suggestions on questions to ask, and it points to additional sources of

information, sources of training, and available tools. (It) is designed to be a practical reference tool for use in commercial item acquisitions.<sup>8</sup>

Topics covered in the handbook include market research techniques, making commercial item determinations, pricing support resources, contract types, and performance management.

FAR Part 12 and acquisition reforms and changes resulting from both FASA and FARA are tools, albeit laws in some cases, to assist federal acquisition professionals to interject commercial and innovative practices into their procurement processes. These tools are as applicable at the operational contracting level as any other level. It is imperative that operational contracting leaders and personnel gain an understanding of these tools to ensure cost-savings and efficiencies are realized. As stated, though, they are just tools. Tools are nothing without people to use them.

## People First

*If people are coming to work excited ... if they're making mistakes freely and fearlessly ... if they're having fun ... if they're concentrating on doing things, rather than preparing reports and going to meetings—then somewhere you have leaders.*

—Robert Townsend

The above quote is telling. If interjecting commercial and innovative practices into operational contracting is a worthwhile endeavor, leaders must understand the people who have to make it happen. Leaders must not only understand their people but also know how to motivate them. Leaders must foster an environment that not only promotes innovation but also allows people to make mistakes. Leaders of operational contracting organizations, whether commanders or chiefs, must recognize and understand the inherent challenges and devise ways to overcome them.

One challenge these leaders face is that operational contracting employees are generally lower grades than those working in either systems or logistics contracting. This is nothing new and originated back in the times when operational contracting was simple buying, defined as standard, firm fixed-price items almost always available in standard commercial configurations. Requirements were advertised, bids were received, and the contractor with the lowest bid was given a contract. Times have changed. In the never-ending journey to make government acquisition more efficient, *buying* has become more complicated. Best value has replaced lowest price in many cases. With all the decreases in military and government civilians, outsourcing of necessary services has increased dramatically. Contracting for services is much more than simply picking the contractor with the lowest price. Best value takes on a whole new meaning when a harmonious working relationship between the contractors and the government personnel they serve is as important as the services they provide. Unfortunately, the grade structure has not changed.

The lower grade structure has two negative sides. First, and this is especially true on Air Force bases that have both operational and systems and logistics contracting personnel, the grade structures differ significantly. For example, at Tinker AFB, Oklahoma, most government civilians working in the operational contracting organization are GS-7s and GS-11s. The

personnel working logistics contracting in the Oklahoma City Air Logistics Center are GS-11s and GS-12s. Arguably, their work is different. However, are the complexity of the work and the knowledge required greater, thus requiring higher grades? Many would say no. Many of those people also have tried to change this but with little success. Leaders of operational contracting personnel must be cognizant of the friction this can cause.

The second negative aspect to lower grade structures has to do with the increased complexity of acquisitions. People are being asked to not only do more with less—which they are probably accustomed to—but also do much more complex tasks. Best-value acquisitions are more complicated and demanding than simple firm, fixed-price acquisitions. The traditional and relatively simple invitation for bids has been replaced with requests for proposals. Offerors are being given opportunities to provide oral presentations. Resulting contracts, especially for services, are incorporating not necessarily new but definitely more numerous and complex incentives to contractors. A generic 10-percent profit added to the fixed price is being replaced by award fees and the potential to have longer running contracts. This complexity, although increasing the *best* in best-value contracts, creates many more chances to make mistakes. In general, people tend to shy away from tasks that easily could end in failure.

Trying new and innovative things and change, in general, are not on the top of most people's lists of things to do. People have a love-hate relationship with change. People cannot live and flourish without change, but at the same time, it scares people. Contracting leaders, especially those in operational contracting, must ensure their organization's environment is conducive to taking risks and trying new ideas. To do that, they must learn

Industry	Old Time	Current	Goal
Automobile	84 months	24 months	<18 months
Commercial aircraft	8-10 years	5 years	2-1/2 years
Commercial spacecraft	8 years	18 months	12 months
Consumer electronics	2 years	6 months	
50-70% reduction in development times are typical.			

Table 1. Commercial Success at Shortening Cycle Times

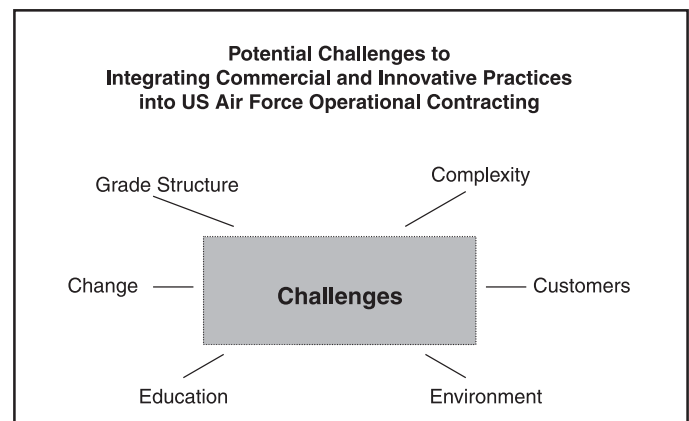


Figure 1. Potential Challenges

how to not only accept failures but also praise people who try but ultimately fail. A quote from a book by Major General Perry M. Smith explains this well. The scenario is that he has been notified of a promotion shortly after weathering some fairly serious failures. He writes:

I asked the commander of all US Air Forces in Europe how I could possibly have been selected for promotion. The answer I got was fascinating; he replied, "Because you handled failure well." When I told him that I didn't understand what he meant, he told me that each wing commander was failing in one way or another. One had a major drug problem on his base, another had flunked a major NATO [North Atlantic Treaty Organization] inspection, a third commander had a significant racial problem on his base, and yet another had a terrible ground-safety record. He then explained that he learns more of the character of leaders while they are dealing with failure than when they are succeeding. History supports this viewpoint that good leaders turn failures into constructive experiences. As I survey the great leaders of the past, many of them suffered setback after setback before they emerged as extraordinary leaders. Abraham Lincoln, Harry Truman, and Winston Churchill learned from their numerous failures and were strengthened and matured by these experiences.<sup>9</sup>

The point of sharing this excerpt is not to espouse that contracting leaders should have a goal to create another Lincoln or Churchill, but it is important to realize that leaders can be strengthened by failure and improve. All people can learn from their mistakes. Operational contracting leaders must provide an atmosphere that allows risks to be taken, mistakes to be made, and lessons to be learned from those mistakes, without the fear of reprisal. That does not mean people who make mistakes are given rewards automatically. However, there are many methods to *get folks back on their feet*, and they should be praised for trying. One of those methods—and coincidentally another challenge facing operational contracting leaders—comes through educational opportunities.

Just like technology, contracting practices, methods, rules, regulations, and laws are continually changing. Many times, these changes are caused by changes in technology. To continue to interject commercial activities and innovative practices into operational contracting, people must be aware of these activities and practices. Education is the key. The Defense Acquisition University is a prime example of a method for offering continuing education to operational contracting personnel. Numerous courses are available, both in the classroom and online. Courses range from beginning-level contracting courses to specific, to advanced-pricing courses, to courses on military construction contracts. However, courses only benefit people if they are taken. Operational contracting professionals must be aware of these courses, allowed to attend or take them online, and encouraged to share what they have learned with their fellow contracting professionals. Learning through sharing also is promoted via professional organizations.

The National Contract Management Organization (NCMA) is probably the premier professional organization for contracting personnel. NCMA offers nationally recognized certifications. Similar to being recognized as a Certified Public Accountant (CPA), a person can study to earn the title of Certified Professional Contracting Manager (CPCM). Although not as recognized as a CPA certification, earning distinction as a CPCM can provide opportunities not available otherwise. It is

recognized by both the Government and business community when hiring or promoting acquisition personnel. The benefits of NCMA do not end with certifications.

As mentioned above, sharing information is valuable to learning about and interjecting commercial activities and innovative practices into operational contracting. NCMA offers numerous conduits to share ideas to do just that. Most local chapters meet regularly via luncheons, training classes, or both. Guest speakers and lecturers talk about new rules and regulations, new and unique practices, and new or ongoing reforms. These forums are extremely valuable to contracting professionals as they are able to not only hear about things they may not know but also ask questions and exchange thoughts about these ideas.

The NCMA vision captures another important aspect for the topic of this article. It reads:

NCMA's vision is to be the preeminent source of professional development for the practice of contract management. Contract management is a strategic management discipline employed by both buyers and sellers whose objectives are to manage customer and supplier expectations and relationships, control risk and cost, and contribute to organizational profitability and success.<sup>10</sup>

The key words are *both buyers and sellers*. Operational contracting personnel on Air Force bases are the *buyers*. NCMA members, however, consist of both buyers and sellers. The *sellers*, in this case, are members of the commercial industries that provide the items and services to Air Force bases through the local operational contracting organizations. What better way to learn how to interject commercial activities and innovative commercial practices than by interacting with the people who use them? Participating in NCMA and similar professional organizations is a win-win for all participants. Each side can learn about the other side in a nonthreatening, nonbusiness environment. Federal workers can share their thoughts, concerns, and constraints. Contractors can do likewise. In addition to new and innovative ideas, members can share efforts on current and ongoing reforms.

Another challenge for operational contracting leaders and personnel is educating customers, especially base commanders and their staffs. Major command customers are usually cognizant of the acquisition processes procurement professions must follow, but base commanders and their staffs are not always as educated. Further complicating matters are conflicting guidance and loss of control. For instance, a base commander may want to have a certain landscaping project accomplished. With most of these types of activities outsourced to a contractor, the process for getting the project done is not as simple as in the past. An example of conflicting guidance can occur when maintenance work has been outsourced to a contractor. The work is to be accomplished in accordance with normal commercial practices. However, the base commander may have to follow guidance in Air Force instructions that differs from what the maintenance workers are doing. They are meeting the intent of the contract but not the intent of a regulation not specified in the contract. It is a learning process for all involved.

The final challenge discussed in this section is understanding the status of and components within ongoing acquisition reforms that affect operational contracting. This is important for not only leaders of operational contracting organizations but also the people within these organizations. It is hard to reform and



improve if people do not understand why they are undertaking actions and how those actions are affecting their customers on the base.

The Air Force Inspection Agency conducted the Special Management Review of Base-Level (Operational) Acquisition Reform back in 1997. Although 6 years old, the efforts associated with the findings and recommendations continued through 2001. Many of the issues are still around, and it is important for contracting professionals to understand the issues associated with this review. One purpose of the review was to assess how well acquisition reform tenets were being accepted and used at the operational contracting squadrons. The second purpose was to assess the effects on support to base-level customers. Apparently, although numerous acquisition reforms were designed for and implemented within weapon systems contracting, things were much different in the operational contracting environment. None of the Secretary of the Air Force for Acquisition's Lightning Bolts (reform mandates) addressed operational contracting. The request for proposal support offices to be established at major acquisition bases did not materialize at nonacquisition bases. Neither the Air Staff nor the base-level contracting functionals were pushing or seeking acquisition reform for operational contracting units. Unlike weapon systems and logistics contracting, there were no acquisition reform road shows, Web sites, or mandated acquisition reform training.<sup>11</sup>

Things, of course, have improved with acquisition reform at the operational contracting organizations in the Air Force. For instance, the Air Force now has a new instruction on services contracts supporting commercial procurements. The Deputy Assistant Secretary of the Air Force for Contracting has improved the Air Force Contracting home page by including operational contracting issues and best practices. The Air Force and other services have coordinated with the Defense Acquisition University to enhance the basic and intermediate contracting courses by incorporating subjects and modules specifically focused for operational contracting organizations (for example, Standard Procurement System). Another example is the efforts to rewrite the Quality Assurance Evaluation (QAE) program. QAE is a significant program at all Air Force bases. Modifying the program to include new rules associated with commercial service contracts has a huge impact on further steps toward increasing commercial practices at the operational contracting level.<sup>12</sup> Acquisition reforms, like those just mentioned, continue to affect operational contracting personnel. It is imperative to remember, though, that those initiatives do not get promulgated throughout base-level contracting organizations if the people are not aware of them. Operational contracting leaders must foster environments that are conducive to reform and change.

There have been and will continue to be many challenges facing the people in operational contracting organizations. Whether dealing with seemingly unfair grade structures and the increasing complexity of acquisitions at the base level, fighting to promote continual education, or continuing the acceptance and deployment of acquisition reforms, operational contracting leaders must remember to put people first. They are the folks who ultimately must put new commercial and innovative ideas into their operational contracting practices. Knowing what motivates the contracting professionals at the base level and knowing how to motivate them is paramount to success.

## Performance-Based Contracting and Government Purchase Card Initiative

*The performance-based service contracting (PBSC) approach for service contracting is not a panacea or perfect answer for effective contracting. It is a preferred contracting method that has advantages and shortcomings. PBSC reduces government contract management efforts by focusing on end results rather than the day-to-day work processes—while at the same time allowing contractors more opportunity to manage their businesses without interference.*

—Dr Henry Petersohn<sup>13</sup>

This section is devoted simply to discussing two initiatives having relevance to operational contracting and improvement. Both are aimed at interjecting commercial and innovative practices. Both are evolving as this is being written. There are many other initiatives that could be discussed; however, these two are important and should be understood, at least at the basic level, by all operational contracting personnel.

The above quote is the introduction to an article in the April 2003 issue of *Contract Management*. At the heart of the statement are the words “focusing on end results rather than the day-to-day work processes.” That is what performance-based services acquisition (PBSA) is all about. A PBSA contract, if written appropriately, tells the contractor what the Government wants done but does not tell the contractor how to do it.

A study by RAND, via Project Air Force, interviewed numerous groups within the Air Force that are using PBSA contracts. They found three key areas related to success. First, you must have teamwork to succeed. Teamwork encourages buy in, and with any new initiative, you must have the support of all players in the game. Second, market research is important to simply finding out what resources, companies, and so on are available to meet requirements. If properly conducted, market research assists in applying commercial standards to requirements documents (for example, statements of work). Third, using past performance information in evaluating offerors greatly enhances the chances of reaching a true best-value decision. In addition, once contractors realize past performance is being evaluated, they are more apt to perform better to get more business in the future.<sup>14</sup>

PBSA is a way of describing requirements in terms of desired results and putting those desired results in a contract. It uses measurable performance standards and incentives. The process is not difficult to implement but is different from what has been done in the past. The benefits are obvious, though, and it is important for operational contracting organizations to learn about; educate customers; and ultimately, implement PBSA whenever possible. PBSA goes hand in hand with commercial practices. As Figure 1 indicates, the Air Force goal for commercial actions is high.

If the Air Force is to achieve this goal, initiatives like PBSA must be put into practice on a regular basis.

A second initiative having relevance to both operational contracting and process improvements involves the Air Force purchase card program. The use of the Government Purchase Card (GPC) has increased, thanks to efforts already discussed, that have streamlined processes for small purchases. Unfortunately, with the increased use, the number of improper and fraudulent



activities also has increased. Additionally, an amount of control and visibility has been lost, because many of these small purchase transactions are not captured into databases where the *what* and *why* are tallied. The Air Force Advantage program aims to put control, monitoring, and accountability back into small purchase buying while adding convenience.

Air Force Advantage is very similar to the General Service Administration's (GSA) program, the GSA Advantage. The big difference is that Air Force Advantage is tailored to meet the needs of the Air Force.<sup>15</sup> As mentioned, the GPC program has some limitations and can be ripe for fraudulent activities. Air Force Advantage is an Internet-based, self-service electronic procurement technology. In a sense, it is shopping on the Web, with some differences, of course. With the growing use of the Government Purchase Card for purchases and orders less than \$25K, the program decentralization has taken visibility away and increased administrative costs. Air Force Advantage controls what is purchased by ensuring items are procured from approved suppliers. Additionally, what is purchased is monitored to ensure it is legal. This adds up to accountability for purchases without having to wade through a lot of paperwork. All transactions are captured in a database. Air Force Advantage users also have the added benefit of convenience. By going online to make their purchases, they do not have to go to a store for procurements, which saves time, fuel, and vehicle expenses. Air Force Advantage automates the Air Force GPC program.<sup>16</sup>

## Conclusions

Interjecting commercial and innovative practices into operational contracting is a logical extension of acquisition reform combined with the increases in outsourcing and

continuation of doing more with less. Operational contracting leaders and their personnel must be cognizant of the past, present, and future with regard to increasing commercial actions and embracing innovative practices.

Tools make work easier. New initiatives, if proven worthy, can be thought of as tools. Performance-based service acquisitions and new efforts involving the GPC program are prime examples of new or evolving initiatives that are improving contracting efforts at the operational level. Both involve different ways of thinking and conducting business in the Government, but both increase the use of commercial practices and innovative processes. Operational contracting professionals must become comfortable with as many contracting tools as possible.

People use the tools, so logically, they must be trained and provided an environment conducive to trying new things. Leaders must know their people and know how to motivate them. Leaders must promote innovation while allowing people to *succeed* even if they fail. Leaders must understand the challenges that may or may not be unique to operational contracting organizations. Specifically, they must understand the difference in grade structures. They must understand and make their people understand that the complexity of acquisitions is increasing. Leaders must provide for and promote education for not only their people but also their customers. Finally, leaders must realize that change is inevitable, but with preparation, it can be embraced.

It is hard to move forward when people do not know where they are or where they have come from. Understanding the implications of FASA and FARA, as well as the purpose behind FAR Part 12, is vital to understanding why acquisition reform is

(continued on page 46)

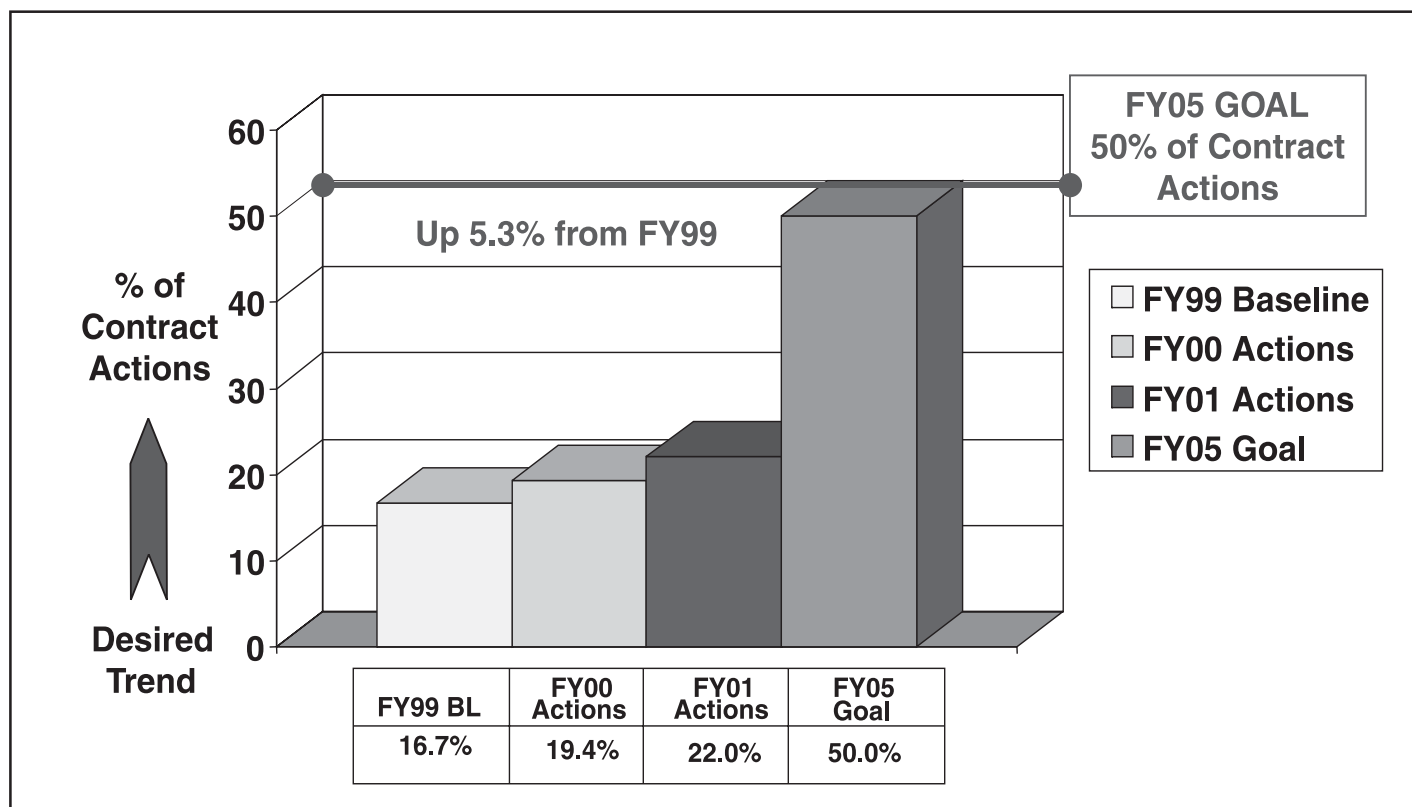


Figure 2. Air Force Totals: Percentage of Commercial Actions

## Summary

Sustainment transformation represents a revolutionary change to the way logistics does business for the Air Force. For this transformation to be successful, the two teams recognize that senior logistics leaders, managers, and the workforce must embrace the new sustainment approaches and claim ownership of the transformation. Indeed, the efforts of all these stakeholders are essential to fully engage and gain the support of customers and suppliers and take full advantage of the process improvements brought about by sustainment transformation.

To this end, the PSCM and DMT Teams are working together to develop coordinated change management plans. The teams have launched awareness and understanding campaigns to communicate to their respective logistics communities that a transformation is coming and that this change is good for the Air Force; its employees; vendors; and especially, the warfighter. In addition, the teams are enlisting sponsors and mobilizing change agents to support the transformation. By working collaboratively across the enterprise versus operating as individual transformation efforts, the PSCM and DMT Teams are increasing their effectiveness and maximizing cost-saving opportunities, which will present a positive impact to the warfighter.

As the teams chart the future, they are inspired by the eLog21 vision that AFMC will be the sustainment supplier and maintainer of choice for worldwide weapon systems, parts, and equipment support. New processes will require new job roles, skills, ways of working and thinking, and tools. They also will require changes to policies, authorities, and organizational constructs. Although these changes will not be easy or occur overnight, Air Force leaders are committed to implementing sustainment transformation and seeing it through to ultimate success.


## You Are Invited to Learn More!

*Do you want to learn more about PSCM or DMT?* Please watch for upcoming fact sheets and newsletters, attend briefings, and browse our growing Web sites: PSCM at <https://www.ripit.wpafb.af.mil/PSCM/PSCM.html> or DMT at [https://www.afmc-mil.wpafb.af.mil/HQ-AFMC/LG/lgp/lgp\\_transform.htm](https://www.afmc-mil.wpafb.af.mil/HQ-AFMC/LG/lgp/lgp_transform.htm)

*Would you like to get involved?* Please contact the PSCM Team at [PSCM.Info@wpafb.af.mil](mailto:PSCM.Info@wpafb.af.mil) or the DMT point of contact, Sandra Wimberly at [sandra.wimberly@wpafb.af.mil](mailto:sandra.wimberly@wpafb.af.mil). We encourage you to share your ideas, get involved, and remain positive in learning new ways to do our business.

## Points of Contact

- PSCM Co-Project Manager: Marie Tinka, Deputy Chief, Supply Management
- PSCM Co-Project Manager: Scott Correll, Chief, Logistics Contracting Division
- DMT Project Manager: Sue Dryden, Deputy Chief, Depot Maintenance Division
- ILI (eLog21 Campaign): Colonel Paul Dunbar, Deputy Director, ILI

*Wing Commander Leatham is currently on exchange with the Air Force and is serving on the Air Staff as Deputy Division Chief, Purchasing and Supply Chain Management, Directorate of Innovation and Transformation. He is also a member of the AFMC PSCM Integrated Project Team and author of the Air Force Installations Purchasing and Supply Chain Management Concept of Operations.* 

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"Injecting Commercial and Innovative Practices into Operational Contracting" continued from page 20)

moving in the direction it is. Learning what the other services, as well as the Air Force, are doing to increase commercial and innovative practices at the operational level is important to understanding where they currently stand. Being aware of the current guides and assistance available today is paramount.

Interjecting commercial and innovative practices into Air Force operational contracting is about ensuring contracting professionals are given the opportunity to grow, feel empowered, embrace change, and always be able to believe there is somewhere to go to find an answer to a question. Operational contracting commanders and chiefs must make it happen.


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(“Flyaway Costs Versus Individual Components of Aircraft: An Analysis: continued from page 39)

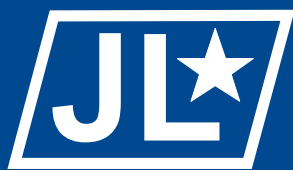
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## notable quotes

*DoD must reduce its logistics response times, logistics footprint, and logistics infrastructure to reengineer its logistics system to better match the warfighting concepts of the 21<sup>st</sup> century.*

**Paul G. Kaminski, Under Secretary of Defense  
for Acquisition and Technology**



# AIR FORCE JOURNAL of LOGISTICS

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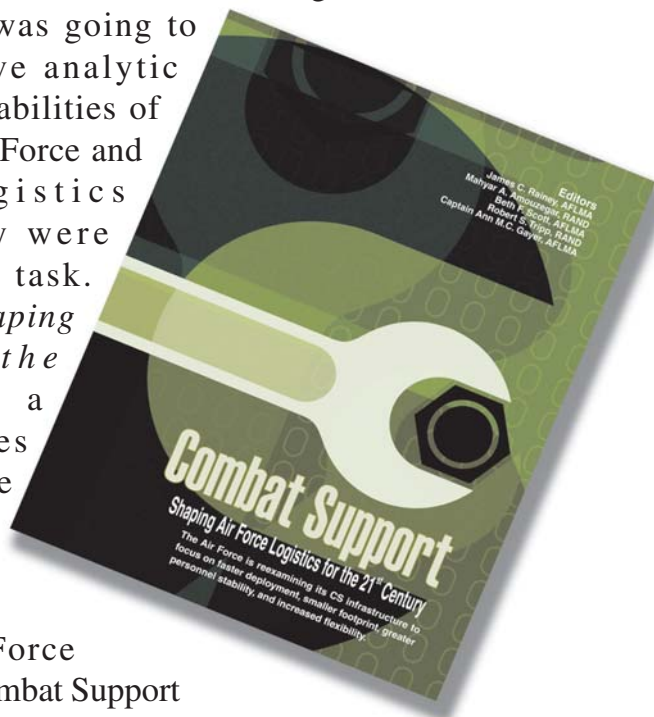
## Contacting the Journal Staff

We've relocated to temporary facilities at Maxwell AFB, Alabama, while our permanent home is undergoing renovation. Planning is for a return to the Gunter Annex address in late 2004. Our temporary address and phone numbers are listed below.

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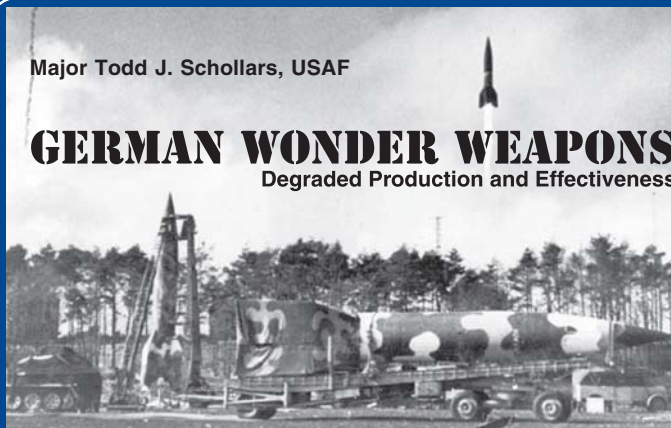
In 1996, shortly after Operation Desert Strike, concern about the long-term requirements of enforcing the no-fly zones, including covering *the carrier gap*, led to the initial concept of an air and space expeditionary force. At that time, the Deputy Chief of Staff, Operations, Lieutenant General John P. Jumper, realized that transforming the Air Force to a more expeditionary footing was going to require comprehensive analytic study. The unique capabilities of both RAND Project Air Force and the Air Force Logistics Management Agency were harnessed to take on this task. *Combat Support: Shaping Air Force Logistics for the 21<sup>st</sup> Century* is a compilation of articles that communicates the essentials of the analyses completed over the last 6 years. The research was conducted to help the Air Force configure the Agile Combat Support system in order to meet AEF goals.



Major Todd J. Schollars, USAF

### GERMAN WONDER WEAPONS

Degraded Production and Effectiveness



The Editorial Advisory Board selected "German Wonder Weapons: Degraded Production and Effectiveness"—written by Major Todd J. Schollars—as the most significant article to appear in Vol XXVII, No 3 of the *Air Force Journal of Logistics*.